



# **San Diego City Attorney MICHAEL J. AGUIRRE**

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## **NEWS RELEASE**

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### **SUNRISE POWERLINK PUC PUBLIC HEARINGS STATEMENT BY SAN DIEGO CITY ATTORNEY**

California has set a national standard for use of renewable energy by adopting laws that require our publicly owned utilities to have 20% of their portfolio of power come from renewable sources. The companies must meet this goal by 2010. It is hoped that the development of renewable energy resources may improve air quality problems and improve public health by reducing the burning of fossil fuels.

It is not enough to just pass laws. The Global Warming crisis we face requires all of us to work together to reduce fossil fuel emissions. We need every San Diegan to understand how important it is to their families that we achieve an ever-greater use of renewable energy. We need every San Diegan to let our public utilities know they want action and they want action now.

This is not time for delay or excuses. Here in San Diego this means that SDG&E must do whatever is required to shift to renewable energy. It does not mean that San Diego Gas & Electric ("SDG&E") hold renewable energy in San Diego hostage unless SDG&E gets its Sunrise Power link.

San Diego's energy future is at a critical juncture. We all want green energy, we all understand the need for green energy and we're all in support of California's landmark renewable energy law, which requires utilities to derive 20 percent of their electricity from renewable sources by 2010.

That's the goal 20 percent by 2010 – the most aggressive renewable energy law in the nation.

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SDG&E says it's UNLIKELY to reach that goal. Last year, in fact, SDG&E says it generated only about 6 percent of its electricity from renewable sources. In a filing to the Securities and Exchange Commission late last month, SDG&E said it was unlikely to reach 20 percent goal by 2010 and the utility noted it could be subject to fine of up to \$25 million annually.

That's what SDG&E told federal securities regulators.

We're lagging behind.

But there is no reason why we can't be a leader in transitioning to clean renewable energy – a leader in the race to transform our community from a reliance on dirty fossil fuels to solar and other forms of renewable energy.

The City of San Diego also has a franchise agreement with SDG&E that requires them to operate their system in accordance with state law -- including California's renewable energy law.

We cannot and we will not allow SDG&E to fail. It must at least reach the goal of 20 percent renewable energy by 2010, a goal I know the overwhelming majority of San Diegans endorse.

Just for comparison, by the way, Southern California Edison generated 16 percent of its electricity from renewable sources last year. But SDG&E generated just 6 percent of its power from renewable sources.

So it's clear we are well behind our neighbors to the north.

Of course, we're all hoping for the fastest transition possible to clean renewable energy because of concern about the planet and because of concerns about our local air quality.

Less green energy means more dirty energy and more air pollution, in a region already suffering from some of the worst air quality in the nation.

If SDG&E were to violate California's renewable energy law, it would raise questions about whether they were also violating the franchise agreement with the city. Of course, we expect our franchisee, SDG&E, to operate its system and provide electricity in accordance with state law. (MORE)

We will not accept anything less than the legal standard of 20 percent by 2010 goal.

SDG&E says its problem in reaching the state's clean energy goal has been caused by delays in the review of their Sunrise Powerlink proposal. Of course, that review will continue here today with the Phase II hearings.

SDG&E says nearly all the additional clean renewable energy that San Diego will need lies at the end of that proposed power line, in Imperial County.

So in effect, SDG&E is betting our clean energy future on a single power line project.

But the City Attorneys Office has long warned SDG&E against gambling our renewable energy future largely on a single, expensive power line.

Instead of putting so much emphasis on an expensive and environmentally damaging power line, it's been the position of this office that it would be better for the citizens of the region for SDG&E to develop clean energy within the San Diego area.

Locally based clean energy wouldn't require the massive expenditure of a new power line like Sunrise, which will actually cost \$7 billion over the life of the project.

Locally based and widely distributed clean energy projects would provide greater reliability. A single power line carrying a huge component of our clean energy means that the flow of our pollution-free energy could be jeopardized by a single event – the interruption of electricity flowing on that single line.

The recent wildfires, of course, may have provided just such disruption had Sunrise been in place. And several of the last year's wildfires were started by power lines, so the presence of yet another high power electric line through the backcountry can only increase the fire danger to this community.

We are also concerned about the possibility of environment damage from running such a large power line across Anza-Borrego Desert State Park and many rural backcountry communities.

Sunrise, according to the environmental report on the project, is among the worst options for meeting the region's energy needs. An environmentally inferior project like this can be

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approved only if there are very strong overriding considerations. And we have seen nothing that would overcome this project's limitations, its environmental impact and its cost.

The PUC has already delayed its timetable for reviewing Sunrise. A final decision from the utilities commission isn't due until the end of this year. And SDG&E has said if the state doesn't approve Sunrise it will seek federal approval of the power line.

That would take even more time – and the outcome of an appeal to federal authorities is uncertain. What is certain is that the process of appeal could further delay our transition to clean energy. Given the urgency of the global problem, given the urgency of our air quality problems, we don't think it is wise to just sit and wait for the outcome on the Sunrise Powerlink.

SDG&E and this community need a Plan B, an alternative strategy for getting our energy and getting in synch with the state goal of 20 percent clean energy by 2010, as well as hitting the state target of 33 percent clean energy by 2017.

Fortunately, there are alternatives to SDG&E's Sunrise strategy on the table.

When Southern California Edison failed to attract enough offers for renewable energy in its service territory, that utility company sought solutions outside of that process. And last week, SoCal Edison proposed to spend nearly \$900 million on 250 megawatts of rooftop photovoltaic systems.

250 megawatts of solar power would go a long way toward closing the gap between the clean energy SDG&E has in hand and what the utility needs to reach the 20 percent goal in a little over two years.

The SoCal Edison proposal involves rooftop solar electric systems that would be larger and relatively less expensive versions of the systems homeowners are installing on their roofs.

The big difference is that with a utility installing more than 100 of these larger systems, SoCal Edison anticipates getting utility-sized discounts.

What a great concept: a utility building clean renewable energy generation within its service territory, without the need for expensive new power lines.

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A study of the San Diego region last October called Smart Energy 2020 suggested a broad solar plan for San Diego. The details are complicated but the most important thing to take away from the study here late last year was this: it would make economic sense – it would pay off in dollars and cents – to embark on a widespread deployment of solar electric systems in San Diego.

Bill Powers, a local engineer who wrote that report, projected that the cost of solar systems deployed widely would fall to \$4 per watt. By contrast, homeowners who install systems on their own – bless them – spend twice this amount.

When the Smart Energy 2020 plan was unveiled, SDG&E was very critical and suggested it would cost \$40 per watt to build solar on the broad scale suggested by the study.

Now Edison has weighed in on the subject of cost. That utility says it can do its broad solar program not for the \$40 a watt suggested by SDG&E and not for the \$4 suggested by Powers, although he was close.

Edison said its plan can be done for \$3.50 a watt.

Beyond the lower cost, the beauty of rooftop solar is that it doesn't require expensive long power lines and the fire hazards that come along with them. And rooftop solar doesn't cause the damage to the environment that invariably comes with new fossil-fuel power plants and new power lines.

Rooftop solar uses largely invisible space and existing power lines.

Let's put this in another context:

Edison's plan to deploy 250 megawatts of solar, which would be the biggest solar program of its kind in US history, is projected to cost less than the stock buyback that SDG&E's parent company announced last week.

That's right Sempra Energy – SDG&E's parent company – said it will spend \$1 billion to buy back shares of its stock. But Edison's plan calls for spending about \$900 million for its big rooftop solar program.

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Southern California Edison isn't a non-profit venture. They're asking state regulators to allow them about a 10 percent rate of profit on their investment.

So we're asking Sempra and their parent to consider a deal with strong profit potential and perhaps even stronger moral implications: Re-consider buying back your stock for \$1 billion – which might be risky in the volatile stock market we've seen – and invest a lesser amount in a large-scale solar project, a project that would really jump start solar energy in San Diego County and the nation.

The project would help bridge SDG&E's anticipated shortfall in clean power and reduce our need for dirty energy. It would help improve our air quality and create jobs for the workers who would be called upon to install 100 or more large rooftop solar systems.

And since we know how difficult this process can be, we've jump started SDG&E's effort: I've had our staff download So. Ca Edison's solar application and simply replace all mentions of Edison with SDG&E's name.

Here's the application, SDG&E, please fine tune and submit it and thereby invest in a clean energy future right here in San Diego.

So what we're presenting today, only partly tongue in cheek, is the beginning of a Plan B for satisfying California renewable energy law.

We can't await the uncertain outcome of the Sunrise proceedings, let's get started on a rooftop solar plan today.

Michael Aguirre  
San Diego City Attorney

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